

June 24, 2014

**BINDING LETTER OF INTENT  
TO ACQUIRE ALL ASSETS OF  
THE DAUGHTERS OF CHARITY HEALTH SYSTEM**

Attn: Mr. Geoffrey Ligibel  
Houlihan Lokey  
Director, Corporate Finance  
123 North Wacker Dr. Chicago, IL 60606

Dear Mr. Ligibel:

**PLYMOUTH HOLDINGS LLC** ("**PLYMOUTH HOLDINGS**" or "**Buyer**") is pleased to submit this binding letter of intent to acquire, through a new acquisition vehicle, all assets and business of the **Daughters of Charity Health System in California** ("**DCHS**" or the "**Company**"), and owned and operated by affiliates of **Daughters of Charity Health System** ("**DCHS**" and, collectively, the "**Seller**"), as more fully described in the February 2014 Confidential Information Memorandum ("**Memorandum**") and DCHS Supplemental MOB Materials dated March 2014 ("**DCHS Supplemental**"). For purposes herein, the acquisition by **PLYMOUTH HOLDINGS** of the assets and the business of DCHS is hereafter referred to as the "**Transaction**," and the date of the consummation of the Transaction shall hereafter be the "**Closing**."

**PLYMOUTH HOLDINGS** is a private equity organization focused on investments in the healthcare sector, with significant and long-standing interest in the health care and well-being of Californians. **PLYMOUTH HOLDINGS** and its principles have been leaders in the healthcare industry for several years. We are committed to making DCHS a leading medical resource in California, and have already obtained support for our completion of the Transaction from a number of key groups, including but not limited to the California Medical Association, the California Nurses Association, local tribes, state and local politicians. **PLYMOUTH HOLDINGS** has no vested competitive interest in DCHS other than bringing excellence and innovation to the hospital system. Moreover, as a new owner of hospital services in the region, **PLYMOUTH HOLDINGS** would not face any potential anti-competitive barriers to the Transaction.

The Transaction shall be based on the following terms and conditions:

- 1.) **Definitive Agreement.** The parties to this Binding Letter of Intent will endeavor to finalize and execute an asset purchase agreement (the "**Definitive Agreement**") defining the Transaction, which shall include all terms and provisions as shall be mutually agreed upon.
- 2.) **Purchase Price.** Subject to the completion of due diligence and the Assumptions described herein, total consideration of **\$505,000,000 (five hundred and five million dollars)** shall be payable to Seller in cash (the "**Purchase Price**") upon Closing. The Purchase Price excludes therefrom all cash, cash equivalents and accounts receivable of DCHS as of the Closing (as defined herein) and reflects the need for meaningful additional investment from Buyer to address the long-term capital and working capital needs of DCHS.
- 3.) **Form and Source of Financing.** Buyer will acquire the assets and Net Working Capital of DCHS (the "**DCHS Assets**"), free and clear of all liens, claims and encumbrances. The majority

equity owner of the new acquisition vehicle will be Plymouth Holdings LLC ("Plymouth"), a diversified and well-capitalized investment firm specializing in the fields of private equity, real estate, and venture capital. Plymouth will make an equity investment in the new acquisition vehicle sufficient to cover the Purchase Price and net working capital needs of Buyer.

As part of the Transaction, up to **25% (twenty five percent)** of the equity of Plymouth shall be reserved for DCHS employees as part of a to-be-established DCHS Employee Stock Ownership Plan (the ["DCHS ESOP"]).

- 4.) **Minimum Additional Data Requirements.** Seller will cooperate fully with and facilitate Buyer's due diligence review as contemplated hereby, and will afford Buyer, its agents and/or representatives all reasonable opportunity and access to the data room contemplated by the Memorandum and Letter to inspect, investigate and audit DCHS's assets, liabilities, financial statements, cost reports, adjusted EBITDA, legal matters, real estate matters, environmental matters, employee benefits matters, contracts (including but not limited to payor contracts), legal proceedings, contingent liabilities, operations, relationships with employees, suppliers and customers (including interviews of the same), physicians and prospects; and Seller will promptly and completely provide all disclosures requested by or on behalf of Buyer.
- 5.) **Material Assumptions.** The Purchase Price proposed herein is based on the Assumptions (as defined below). Should any of the Assumptions prove to be incorrect, the Purchase Price will be adjusted.
  - a. The Purchase Price is based on the financial statements and other information provided by Seller, and takes into account additional long-term capital investment by Buyer.
  - b. At Closing, Buyer will only assume the current assets (pure asset purchase and no assumption of the liabilities) and current liabilities specifically defined in the Definitive Agreement (as defined herein) or as otherwise mutually agreed to by the parties. Buyer will neither acquire a current asset nor assume a current liability unless it is part of the Net Working Capital adjustment and specifically set forth in the Definitive Agreement.
  - c. The Definitive Agreement will provide for a "true-up" at Closing on the assets and liabilities of DCHS comprising Net Working Capital.
- 6.) **Conditions Precedent to Closing.** The Closing of the Transaction shall be subject to:
  - a. Approval of the Buyer's Board of Directors;
  - b. Execution and delivery of the Definitive Agreement and related documents and consents in a form acceptable to Seller and Buyer;
  - c. Buyer's satisfaction (as determined in Buyer's sole discretion) with the results of its due diligence review;

- d. Receipt of satisfactory evidence that DCHS is eligible to participate in Federal health care programs without restriction or threat of exclusion, and that DCHS is subject to satisfactory third-party payor contracts; and
- e. Other customary conditions, including:
  - i. Obtaining any necessary consents, approvals or releases from governmental bodies, Seller's lenders, lessors, major customers and suppliers and other third parties with respect to the Transaction;
  - ii. Absence of pending or threatened litigation, investigation or governmental proceeding regarding the Transaction;
  - iii. Absence of any material adverse change in the business, financial condition, assets, operations or prospects of DCHS;
  - iv. Satisfaction of all necessary title and environmental inspections related to the real property; and
  - v. Delivery of customary legal opinions, closing certificates and other documentation.

7.) **Other Provisions.** The Company shall be precluded from making changes to current levels of compensation and from declaring or paying dividends prior to the Closing, and the Company shall conduct its business only in the ordinary course and shall not acquire or agree to acquire as part of the business of the Company all or any substantial portion of the assets or business of any other business organization by merger or consolidation, stock purchase or asset purchase without the Buyer's approval in writing.

8.) **Exclusivity Period.** From signature by the Buyer and the Seller of this Binding Letter, the Seller grants the Buyer an exclusive right for a period of 90 (ninety) days (the "Exclusivity Period") to negotiate with the Seller with the aim of executing a mutually acceptable Definitive Agreement for the sale and purchase of DCHS, as contemplated herein. During the Exclusivity Period, the Seller or its representatives shall not enter into negotiations for the sale and purchase of any DCHS assets, solicit any potential buyers, or encourage other buyers to solicit the Seller. During the Exclusivity Period, the Buyer and the Seller shall negotiate in good faith with the view to executing a Definitive Agreement reflective of the terms and conditions of this Letter of Intent.

9.) **Closing.** The Closing of the Transaction shall occur within 45 (forty five) days of the execution of the Definitive Agreement, upon receipt of all necessary licenses, permits and certifications, and upon completion of Buyer's due diligence, with extensions as necessary only for regulatory matters. Buyer shall work with Seller to achieve conclusion to such matters as quickly as practicable.

**10.) Miscellaneous Provisions.**

- a. **Documentation.** The Definitive Agreement will include such representations, warranties, covenants, indemnifications and conditions that are customarily included in an agreement for the sale and purchase of assets of this size and nature with customary materiality thresholds and knowledge qualifiers. Representations and warranties generally will survive for a period of twelve (12) months following the Closing, except as otherwise agreed to by Seller and Buyer.

- b. **Expenses.** Buyer and Seller shall bear their own expenses in negotiating and closing the Transaction.
- c. **Disclosure.** The terms and conditions of this letter and any information received by Buyer as part of the its due diligence of DCHS shall be subject to the confidentiality agreement dated February 7, 2014 by and between Buyer and Seller, which shall remain in full force and effect. No party shall issue any press release or other announcement regarding the Transaction unless such release or announcement has been mutually agreed to in writing by the parties, or unless required by law.
- d. **Counterparts.** This letter may be executed in one or more counterparts, which when taken together shall constitute but a single instrument.
- e. **Arbitration.** All claims demands, disputes, controversies, differences, or misunderstandings between the parties relating to this Letter of Intent shall be settled by arbitration, and judgment on the award rendered by any arbitrator or arbitrators may be entered and enforced in any court having jurisdiction.
- f. **Governing Law.** This letter shall be governed by the internal laws of the State of California, without giving regard to its principles of conflicts of laws.

#### 11.) About PLYMOUTH HOLDINGS & Key Supplemental Information

- a. **Our Founders.** (Please see attached biographical information) PLYMOUTH HOLDINGS founders are physician leaders with strong academic and entrepreneurial credentials. Board Member and Founder, Ralph Salimpour, MD, is a world-renowned physician- scientist and serves as Full Professor of Clinical Pediatrics at UCLA School of Medicine. For his work as a pioneer in medical discovery, Dr. Salimpour is an inductee into the Congressional Record of the United States. Dr. Salimpour's medical practices are responsible for the care of nearly one in thirty children born in Los Angeles County.

PLYMOUTH HOLDINGS Founder and CEO, Dr. Pejman Salimpour, is a Full Clinical Professor of Pediatrics at the UCLA School of Medicine and formerly served as Clinical Chief of Pediatrics at Cedars-Sinai Medical Center in Los Angeles.

PLYMOUTH HOLDINGS Founder and President, Dr. Pedram Salimpour is the only person ever to have twice received the American College of Physicians' Research Award from this 119,000-member organization and is recipient of the prestigious Alpha Omega Alpha National Research Scholar Award. Dr. Salimpour is President-Elect of the Los Angeles County Medical Association and serves on a number of sub-specialty medical boards as well as the Board of Directors of the UCLA School of Public Health.

The Founders have in previous iterations held tens of millions of dollars in government grants and contracts and successfully fulfilled commitments to organizations such as the National Institutes of Health through the National Library of Medicine, the Proposition 10 Commission, First 5 Los Angeles, NBC – Telemundo Television and others. For their continuous efforts in promoting Excellence in Health Care, the Founders have been

recognized by, among others, the Governor of the State of California in support of a "Distinguished Record of Service."

- b. **Our Interest in DCHS.** We believe that hospitals are important parts of every community. Seminal moments in a community's life inevitably are intertwined with that of "their" hospital. The birth of a daughter or son, a diagnosis that is difficult to accept, complicated and painful treatment regimens, wonderful news of a long awaited cure, and the terrible burden of having to pass along the news of the death of a loved one. All of these are stories of the community borne in the halls of hospitals. And, we believe strongly that the hospital ought to become part of the community. Community partnerships that invite individuals and families into hospitals and bring the knowledge and credibility of the hospital's greatest asset, its doctors and nurses, to the community, will make DCHS the first choice for all health care needs.

DCHS offers an excellent opportunity for PLYMOUTH HOLDINGS to partner with the communities served by DCHS' hospitals and showcase firsthand the value of PLYMOUTH HOLDINGS in meeting the challenges of medical care in the 21st century. PLYMOUTH HOLDINGS' Case Management and Disease Management Best Practices Models will combine with PLYMOUTH HOLDINGS academic affiliations to advance DCHS to a position of academic prominence and institutional efficiency, creating a model of excellence for the delivery of exceptional and efficient health care. The application of PLYMOUTH HOLDINGS's proprietary technology platforms will provide unparalleled synergies, making DCHS among the most sought after centers for medical training and medical care in the region.

- c. **Certainty to Closure.** Based on our operating expertise, regulatory record, and public support of the key groups impacted by the sale of DCHS, we believe a Transaction between PLYMOUTH HOLDINGS and DCHS has a higher certainty to closure than that of any other potential buyer.

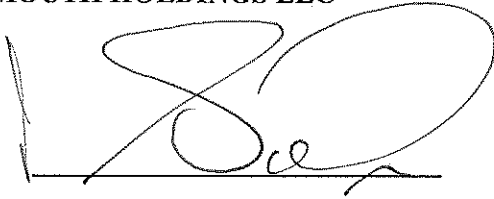
As indicated above, we are highly interested in the immediate preparation and negotiation of a mutually satisfactory Definitive Agreement, during which time we would conclude all necessary due diligence investigations. If the foregoing is acceptable to the Company, please so indicate in the space provided below and return one signed original to us. Please feel free to reach me at any time.

*June 24, 2014*

**ACCEPTED & AGREED**  
this 24th day of June, 2014

**PLYMOUTH HOLDINGS LLC**

BY:

A handwritten signature in black ink, appearing to read 'PS', written over a horizontal line.

Pejman Salimpour, MD

Founder & CEO

**DAUGHTERS OF CHARITY HEALTH SYSTEM**

BY: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_